

Budget Presentation for the Intelligence
Community

I. Problem:

1. To determine the desirability and feasibility of the formulation and presentation to the Bureau of the Budget and Congress of a coordinated Intelligence Community Budget.

II. Discussion:

1. It is clear that the intent of the National Security Act and the NSCIDs is that the Agencies represented on the Intelligence Advisory Committee are to operate insofar as possible as a system, interrelated and interdependent. While the Act and the Directives accord due respect to the fact that the individual intelligence agencies must meet their departmental responsibilities, the separate Agencies are to be so managed as to achieve coordinated intelligence in the interest of national security.

2. Despite the necessity for budget requests to be related directly to the coordinated intelligence program, there is at present no machinery by which this can be accomplished. Present procedures provide only for each of the IAC agencies to present and justify their estimated requirements for the intelligence function independently to the Bureau of the Budget and Congress. In addition,

as intelligence activities frequently cut across appropriation items, it is not even possible always to identify readily by agency the funds requested for carrying out the intelligence function.

3. Due to the lack of a coordinated formulation and presentation of an Intelligence Community Budget, there is no mechanism by which either the Bureau of the Budget or the Congressional Committees on Appropriations can be made fully aware of the interdependence of the IAC Agencies and assured wherein the individual Agency requests are essential to the coordinated community effort. As a result, there is no assurance that the action taken on the estimates by either the Bureau of the Budget or Congress will be consistent among the IAC Agencies in regard to provision for intelligence activities.

4. To the extent that the allowances granted by the Bureau of the Budget for submission of estimates to Congress or the funds finally appropriated by Congress represent a reduction from the amount originally requested, adjustments must be made by the individual departments in the various activities, including intelligence, ~~included~~ within the general appropriation item. Due to the lack of a coordinated Intelligence Community Budget there is also no systematic way to assure that, in this adjustment process intelligence activities essential to the community effort are not impaired.

5. An Annual Coordination of Intelligence Budgets: The solution to the difficulties ~~presented~~ ^{in part} in the foregoing paragraphs might be for the IAC to undertake annually the coordination of the member Agency's intelligence budgets prior to submission to their respective agency or departmental budgets and, of course, prior to submission to the Bureau of the Budget.

6. This procedure would involve the following:

(a) The IAC should establish a budget subcommittee to prepare for IAC consideration a coordinated statement which would include the intelligence activities in the member agencies identifying them insofar as possible wherever they may be.

(b) This statement should be accompanied by an analysis of the interaction of the activities covered by these budgets with some explanation of the way in which gaps in intelligence collection or research have been identified during the previous year thru post mortems of NIEs and other research.

(c) Upon approval by the IAC each of the agencies ~~should~~ report to its respective agency or department and to the Bureau of the Budget the views of the IAC, including

reference to such items, if there be any, on which the IAC members were unable to identify sufficiently a community interest.

(d) ~~That~~ ^{should} the Budget Bureau be requested to earmark in the granting of allowances to the individual IAC agencies the amount approved for intelligence activities. To the extent that the allowances reflect reductions in the original amounts requested ~~that~~ IAC Budget Subcommittee should study and advise the IAC of the effects of the cuts on the coordinated intelligence program. When deemed necessary, the IAC should appeal to the Budget Director the action taken on the allowances and make every effort to secure restoration of essential items.

(e) ~~That~~ ^{should} the individual agencies be advised of final IAC approval of the coordinated Budget and be authorized to formally notify their respective Subcommittees of the Committees on Appropriations that the amounts included in their estimates for intelligence activities have been reviewed and approved by the IAC and have its endorsement as an essential requirement to the coordinated Intelligence Community program.

(f) ~~inform~~ the IAC Budget Subcommittee, ^{should} study and report to the IAC the effects on intelligence activities of the final appropriation action taken by Congress; ^{The} IAC, as required, give appropriate support to the intelligence Officials in the individual Agencies to assure that in the final allotment of funds adequate provision is made for carrying out the Agency's responsibilities in the coordinated intelligence program.

7. There are many practical difficulties however that would have to be overcome before the above model plan could be fully effectuated:

(a) As intelligence activities frequently cut across appropriation items, it is not possible to identify readily and accurately the funds reflected in estimates for carrying out the intelligence function. There is a need for considerable further study (1) to determine a standard classification of intelligence activities for budget purposes; (2) to obtain agreement among the agencies as to the items to be reflected under each category to insure uniformity in reporting and (3) to develop adequate costing formula for identifying intelligence costs when activities do not coincide with appropriation items.

(b) In the many instances where intelligence activities do not coincide with allotment accounts it will not be possible to secure an accurate accounting record of cost experience. On only an estimated basis, therefore, will it be possible to compare actual performance with the budget plan.

(c) The present tight budget timetable leaves little opportunity for the IAC to make a thorough review and analysis of the budgetary requirements. To be most effective, the IAC review should occur before the agency estimates are made to the respective departments and would require a very thorough evaluation of program performance. It does not appear that sufficient time would be available within the present budget review schedule to permit such a time consuming review.

(d) Under present budget practices each department must submit its estimates within an overall budget ceiling. The proposed review by the IAC would place it in a position of possibly appealing to the Budget Bureau for funds for intelligence activities in excess of that which the individual department believed it possible to allocate within its ceiling figure.